



## DEPARTMENT OF LABOR

Proposed Information Collection Request (ICR) for the Impact of the American Recovery and Reinvestment Act (ARRA) COBRA Subsidy survey; comment request

**AGENCY:** Office of the Assistant Secretary for Policy, Labor

**ACTION:** Notice

**SUMMARY:** The Department of Labor (DOL or the Department), as part of its continuing effort to reduce paperwork and respondent burden, conducts a preclearance consultation program to provide the general public and Federal agencies with an opportunity to comment on proposed and/or continuing collections of information in accordance with the Paperwork Reduction Act of 1995 (PRA) [44 U.S.C. 3506 (c) (2) (A)]. This program helps to ensure that required data can be provided in the desired format, reporting burden (time and financial resources) is minimized, collection instruments are clearly understood, and the impact of collection requirements on respondents can be properly assessed. The Department notes that a Federal agency cannot conduct or sponsor a collection of information unless it is approved by the Office of Management and Budget (OMB) under the PRA and the related materials display a currently valid OMB control number. Also, notwithstanding any other provisions of law, no person shall be subject to penalty for failing to comply with a collection of information if the related materials do not display a currently valid OMB control number. See 5 CFR 1320.5(a) and 1320.6. A copy of the proposed ICR can be obtained by contacting the office listed below in the addressee section of this notice or by accessing <http://www.doleta.gov/OMBCN/OMBControlNumber.cfm>.

**DATES:** Written comments must be received by the office listed in the addressee section below on or before (INSERT DATE 60 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER).

**ADDRESSEE:** Send comments to Celeste Richie, U.S. Department of Labor, Chief Evaluation Office, Office of the Assistant Secretary for Policy, 200 Constitution Avenue, NW., Frances Perkins Bldg., Room S-2316, Washington, DC 20210, telephone number (202) 693-5076 (this is not a toll-free number). Email address is richie.celeste@dol.gov and fax number is (202) 693-5960.

#### **SUPPLEMENTARY INFORMATION**

1. Background: The Consolidated Omnibus Budget Reconciliation Act (COBRA) of 1985 gave some employees the ability to continue employer-sponsored health coverage for a limited time after they left employment. COBRA required that private employers with 20 or more employees offer continued health coverage to workers who were enrolled in the employer's health plan and lost coverage as a result of termination of employment or a reduction in work hours for reasons other than gross misconduct. It also ensured a continued offer of coverage to spouses and dependent children who otherwise might lose coverage because (1) of a covered worker's job loss, death, a divorce or legal separation, or eligibility for Medicare; or (2) they ceased to be a dependent under the applicable plan provisions (for example, a child who ages out of eligibility).<sup>1</sup> Qualified employees and dependents may elect COBRA coverage any time within 60 days of a qualifying event and

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<sup>1</sup> In general, qualified employees, spouses, and dependent children must have been covered by the health plan the day preceding the qualifying event.

continue it for up to 18 months.<sup>2</sup> Because COBRA does not require employers to contribute toward the cost of continued coverage, recipients generally must pay the full health insurance premium plus a 2 percent administrative fee. Although federal COBRA coverage does not apply to private companies with fewer than 20 employees, many states have established continuation-of-coverage laws (sometimes called mini-COBRA) that extend all or some of COBRA's provisions to smaller firms. Separate federal laws offer continuation rights comparable to COBRA to federal civilian and military employees. One provision of the American Recovery and Reinvestment Act (ARRA) of 2009 was intended to help make COBRA coverage more affordable to involuntarily unemployed workers. It required employers to pay 65 percent of the COBRA premium (or comparable state continuation coverage) for qualified workers and dependents for up to nine months. The employers subsequently received a credit of that amount against their federal payroll taxes. Qualified workers and dependents were eligible to receive ARRA subsidies for COBRA if the worker (1) experienced an involuntary termination of employment between September 1, 2008, and December 31, 2009 (later extended to May 31, 2010); and (2) was not eligible for group health coverage (such as through the plan of a spouse or new employer) or Medicare. Workers also had to have an adjusted gross income under \$125,000 (filing singly) or \$250,000 (filing jointly), with more modest subsidies available for incomes between \$125,000 and \$145,000 or between \$250,000 and \$290,000, respectively. Pursuant to this legislation, many

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<sup>2</sup> Under certain circumstances, qualified dependents may elect COBRA coverage for up to 36 months or longer from the first qualifying event.

people eligible for COBRA (or mini-COBRA) coverage might be (or might have been) eligible to pay a reduced premium for COBRA coverage for up to 15 months. Little is known about the number and characteristics of workers and dependents who are eligible for COBRA coverage or about the workers that used the subsidy to continue coverage. The Chief Evaluation office in the Office of the Assistant Secretary for Policy (CEO) in the U.S. Department of Labor (DOL) is seeking to fill this knowledge gap. Specifically, CEO would like a reliable estimate of the share of the eligible population that enrolled in ARRA-subsidized COBRA coverage, the number of dependents that enrolled, the duration of ARRA-subsidized enrollment, and how the outcomes of workers would have differed without subsidy. By sponsoring this study, CEO also offers the opportunity to better understand what factors drive COBRA enrollment, and to learn about differences in the experiences of those who were eligible for the subsidy and those ineligible for the subsidy. Mathematica has been contracted to conduct this evaluation on behalf of DOL's CEO. The evaluation will estimate the impact of the subsidy's availability on COBRA insurance take-up and explore factors correlated with take-up and reasons why individuals choose to enroll or not to enroll in COBRA. Specifically, the study will address the following research questions using administrative claims data and a one-time survey of unemployment insurance recipients. The research questions are:

- a. What are the characteristics of COBRA- and subsidy-eligible individuals?

Documenting the extent of COBRA- and subsidy-eligibility and the characteristics of subsidy-eligible and ineligible individuals will provide a picture of what types of individuals have the potential to benefit from the

subsidy. As with any program, the subsidy may have failed to reach some of the intended recipients or it may have benefited some individuals who did not need these benefits as much as others. Documenting such unintended consequences may suggest ways that the programs similar to the subsidy could be targeted more efficiently. In addition, understanding who is eligible for the subsidy will provide a context for interpreting the results of the impact analysis of the effectiveness of the subsidy in increasing take-up of COBRA, described below.

- b. What are the characteristics of COBRA enrollees? By documenting the characteristics of individuals who enroll or choose not to enroll in COBRA, we can identify the most important predictors of take-up. As with understanding the characteristics of COBRA- and subsidy-eligible individuals, the characteristics of COBRA enrollees and non-enrollees will help identify whether COBRA and the subsidy are benefitting the intended recipients. Identifying characteristics that are correlated to take-up may also provide suggestive evidence on why individuals chose to enroll or not to enroll in COBRA, and how these compare with individuals' self-reported reasons for their choices. Such analyses may provide information that could help policymakers adjust program elements to increase take-up rates.
- c. What is the impact of the subsidy on COBRA take-up and other outcomes? In order to evaluate the effectiveness of the policy, we must estimate its impact, or how much COBRA take-up rates and other outcomes changed because of the policy. This analysis will provide policymakers with a sense

of whether the subsidy had the intended effects on the main outcome of interest which is COBRA coverage, as well as whether it affected other related outcomes of interest. The subgroup analyses will provide insights on whether the subsidies had similar effects on various groups of workers, or whether it benefited some groups more than others. These types of estimates may be particularly useful in evaluating the cost-effectiveness of the subsidy.

2. **Desired Focus of Comments:** Currently, the Department of Labor is soliciting comments concerning the above data collection. Comments are requested which:

- a. Evaluate whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility;
- b. Evaluate the accuracy of the agency's estimate of the burden of the proposed collection of information, including the validity of the methodology and assumptions used;
- c. Enhance the quality, utility, and clarity of the information to be collected; and
- d. Minimize the burden of the information collection on those who are to respond, including the use of appropriate automated, electronic, mechanical, or other technological collection techniques or other forms of information technology, e.g., permitting electronic submissions of responses.

**Agency:** Office of the Assistant Secretary for Policy

**Type of Review:** New Collection

**Title of Collection:** American Recovery and Reinvestment Act COBRA Subsidy Survey

**OMB Number:** XXXX-XXXX

**Affected Public:** Unemployment insurance recipients who became unemployed between February 17, 2009 and March 31, 2011 across 20 states.

**Cite/Reference/Form/etc:** American Recovery and Reinvestment Act of 2009

	UI Recipients	
	Screeners	Full Interviews
Number of Respondents	22,000 – 26,000	5,800
Responses per Respondent	1	1
Minutes per Response	2	45
Total Respondent Burden (Hours)	733 – 867	4,350
Total Burden Cost	\$10,555 - \$12,485	\$62,640

The total burden cost represents an estimated two minutes to complete the screener and 45 minutes to complete the full interview multiplied by the number of respondents, using an estimated average hourly wage of \$14.40 per hour. Comments submitted in response to this request will be summarized and/or included in the request for Office of Management and Budget approval; they will also become a matter of public record.

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SIGNED: at Washington, D.C. this \_6\_\_\_\_ day of \_December\_\_\_\_\_, 2011.

William E. Spriggs

Assistant Secretary, Office of the Assistant Secretary for Policy

Billing Code: 4510- 22-P

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